



DATE: January 8, 2015

TO: Committee on Housing Affordability, Human Services and
Economic Resiliency

Councilmember Sally Clark, Chair
Councilmember Tom Rasmussen, Vice-Chair
Councilmember Kshama Sawant
Councilmember Mike O'Brien

FROM: Steve Walker, Director
Office of Housing

SUBJECT: Substantial Amendment to the 2010 and 2014 Consolidated Plans

At the January 15 meeting of the Committee on Housing Affordability, Human Services and Economic Resiliency, CDBG Administration and the Office of Housing will present legislation to amend the Consolidated Plan annual action plans for the years 2010 and 2014. The amendments propose to move a total of \$810,113 in federal HOME Investment Partnership funds from homebuyer activities to rental housing preservation and development activities.

HOME Investment Partnerships funds are governed by the Consolidated Plans and annual action plans submitted by the City to the US Department of Housing and Urban Development. Any change in use of funds greater than \$50,000 is considered a "substantial amendment" to the plans and must be formally approved by Council.

The Office of Housing originally budgeted HOME dollars for both homebuyer activities and rental housing preservation and development activities. Homebuyer activities provide qualifying low- and moderate-income households with downpayment assistance to purchase their first homes. Current HOME program rules require that homes purchased through the program must be under \$288,000 for existing homes and under \$294,000 for new construction. In the current housing market, this along with other 2013 HOME rule limitations makes it difficult to use these funds effectively for homebuyer activities.

The Office of Housing is therefore requesting the funds to be reprogrammed to affordable rental housing preservation and development activities, where they can be used quickly and effectively to serve low-income households. If this legislation is approved, these funds will be committed in early 2015 to a rental housing development project identified through OH's 2014 Notice of Funding Availability (NOFA) process.

Thank you for your consideration.